

**Logistics Task Force Meeting
Monday, April 18, 2011
Carteret Community College**

Lt. Governor Walter Dalton, Chairman of the Governor's Logistics Task Force called the meeting to order at 10:45 a.m. with the following members present: Al Delia, Keith Crisco, Dee Freeman, Dan Danieleley, Michael Walters, Nelson Cole, Pat Long, Earl Brinkley, John Atkins, Tom Eagar, Larry Wooten, and Col. Beth Austin

Members absent were: Gene Conti, Clark Jenkins, Danny McComas, Allen Joines, Buddy Shavender, Dee Blackwell, Terry Bellamy, Jerry Orr, Bob Morgan, Gary Teng, Paul Kauffman, David Willauer, David Congdon, Lew Ebert, Joseph Stephens and Paul Friday.

Chairman Dalton introduced Dr. Kerry Youngblood, President, Carteret Community College. Dr. Youngblood welcomed everyone to Carteret County and thanked the Logistics Task Force for visiting Carteret County.

Chairman Dalton thanked everyone for attending the meeting and shared the mission of the Task Force. He introduced Mr. Jeff Miles, Chief Operating Officer, NC State Ports Authority. Mr. Miles presented information regarding the Port of Morehead City. He stated the navigational access to the Port of Morehead City is exceptional. This port has 9 warehouses with 988,000 square foot of storage space. Mr. Miles also stated how important the rail facility is to the port. It has a 100 car working capacity. Radio Island Rail Yard is connected to Morehead City by rail track which houses an engine maintenance facility. A copy of Mr. Miles' presentation is made a part of the minutes as Addendum #1.

Chairman Dalton thanked Mr. Miles for his presentation and introduced Mr. Glenn Carlson, Chief Commercial Officer, NC State Ports Authority. Mr. Carlson presented information to the Task Force regarding the Port of Morehead City – Business Development. He shared recommendations to ensure North Carolina remains competitive. The port serves as the primary point on the east coast for Norfolk Southern steel rail used in maintenance and expansion projects. They also handle stone aggregate that comes in from the Bahamas as well as natural rubber for tire companies. They also started handling woodchips. April 24, 2011 will be the first test shipment to Spirit AeroSystems. They will receive the unit and place it into storage until it is loaded on the barge. Approximately one per month. Mr. Carlson made a recommendation to the Task Force regarding the truck road weight limits. He asked for the load limit to be increased to meet the surrounding states. A copy of Mr. Carlson's presentation is made a part of the minutes as Addendum #2.

Chairman Dalton thanked Mr. Carlson for his presentation and introduced the Honorable Steve Troxler, NC Commissioner of Agriculture. Commissioner Troxler presented information to the TF regarding Morehead City's opportunity as a port. He stated agriculture is the #1 industry, worth \$74 billion. It employs 688,000 people statewide. North Carolina is the #1 producer in tobacco and sweet potatoes. Agriculture exports help boost prices and help the economy. Commissioner Troxler feels we are not reaping the benefits in North Carolina. If we do not address these needs, the Port of Virginia will continue to get North Carolina's business. There is growth at the Wilmington port. Wilmington has served us well in the transport of soybeans. Commissioner Troxler feels if we do things right we can double our trade with China. We can deliver everything China wants if we improve our ports. He stated that we need better rail access to the ports. This has got to be "All in One. We can't have DOT, Ports and Railroads pulling in different directions. We have to work together. The ports are the future of this state. A copy of Commissioner Troxler's presentation is made a part of the minutes as Addendum #3.

Chairman Dalton thanked Commissioner Troxler and introduced Mr. Craig Mygatt, Senior Director of Trade and Marketing, Maersk Line. Mr. Mygatt presented information regarding the Maersk Container Business. He stated the United States has shifted from being a major manufacturer to becoming primarily an importing country. The shift in trade growth has caused a significant trade imbalance. Mr. Mygatt stated in order to maximize critical mass to major discharge ports would require port depth, crane capabilities and infrastructure available to move boxes quickly to the highway system/rail. Revenue wise the big driver is the export. Wilmington area is perfect for them. Morehead City is not on their radar at this time. A copy of Mr. Mygatt's presentation is made a part of the minutes as Addendum #4.

Chairman Dalton thanked Mr. Mygatt for his presentation and adjourned the meeting at 12:15 p.m. for lunch.

Chairman Dalton called the meeting back to order at 12:57 and asked for a motion to approve the minutes from the December, January, February and March meetings. A motion was made by Larry Wooten and seconded by Earl Brinkley. The minutes were unanimously approved.

Chairman Dalton introduced Mr. Simon Rich, NC Operations Manager, Stevens Towing Company. Mr. Rich shared information about the company. Stevens was founded in Charleston, South Carolina in 1913. They began their North Carolina company, located in Edenton, in 1999. Stevens currently owns and operates a fleet of 40 barges, 10 tugboats and 1 ship. They move freight of all types on the east Coast, Gulf Coast, West Coast, Inland Rivers and points foreign. Mr. Rich informed the Task Force the most energy-efficient way to move commodities is to use the nation's navigable rivers. This is also the greener way to go, as well as one of the safest transportation modes on Earth. Mr. Rich stated the Port of Morehead City is the perfect bulk port to support North Carolina's heavy industry, agricultural and forest resources. He would like to see the Port of Morehead City become North Carolina's new Energy Port. A copy of Mr. Rich's presentation is made a part of the minutes as Addendum #5.

Chairman Dalton thanked Mr. Rich and introduced Mr. Stefan Nowicki, Communications and Government Relations Manager with Domtar and Mr. Dale Helgason, Rail and Marine Manager with Domtar, Mr. William Ponton, Superintendent, Product Distribution, PCS Phosphate and Ms. Michelle Vaught, Manager, Public Affairs, PCS Phosphate. Mr. Nowicki and Mr. Helgason presented information regarding Domtar. They are a paper manufacture that relies on import volume for empty containers to ship their products. They also depend on Ocean Carrier Services for stops at a range of discharge ports. They stated the Panama Canal expansion will bring bigger ships to the East Coast and will provide more shipping flexibility. Mr. Nowicki and Helgason offered recommendations regarding the truck weights on interstate highways and how that relates directly to how efficiently we can ship products. Their presentation is made a part of the minutes as Addendum #6.

Ms. Vaught, PCS Phosphate, presented information to the Task Force about the company. PotashCorp-Aurora is located adjacent to the Pamlico River and has been in operation since 1964. They are the world's largest vertically integrated fertilizer enterprise and a leading supplier to the agriculture, animal nutrition, and industrial chemical markets. They employ approximately 1,100 permanent employees and as many as 1,000 contract workers. PotashCorp has been involved in wetland creation research since the late 1970s. They restored or created more than 6,500 acres of wetlands in the last 20 years. They are also a leader in land reclamation.

Mr. Ponton presented information regarding the Use of the Morehead City Port. PotashCorp is the largest user of the Morehead City Port with a shipment of approximately 1 million tons of product through that single port at an average yearly cost of more than \$17 million. Dry fertilizer and phosphoric acid are shipped by barge from Aurora and animal feed products, phosphoric acid are shipped by rail. PotashCorp-Aurora also imports sulfur through the port at Radio Island. A challenge they face in using

the Morehead City Port is the ICW depth limitations. It currently limits barge draft to 9'. A copy of their presentation is made a part of the minutes as Addendum #7.

Chairman Dalton thanked the presenters and introduced Mr. Marc Finlayson, Executive Director, Highway 17 Association. Mr. Scott Saylor, President, North Carolina Railroad Company and Mr. Cannon Moss, Manager of Market Development, Norfolk Southern Ports and International. Mr. Finlayson discussed how Hwy. 17 fits into the logistics of North Carolina. US Hwy. 17 begins in the Shenandoah Valley and goes all the way to Florida. There are 1,200 miles in length with 300 miles in North Carolina. In 1975 the Hwy. 17 association began and in 2006 the local governments along the corridor pulled their resources and opened an office. Their purpose is to make sure improvements are made to Hwy. 17. The corridor is made up of 13 counties. There are 10 significant municipalities, 3 highway divisions and 3 congressional districts. If Hwy. 17 can be completed, it will enhance the regions ability to receive goods. Mr. Finlayson stated if access to the ports is made easier and safer, it will enhance the quality of life for the local people. NCDOT and the Hwy. 17 Association will undertake a \$250,000 economic study. When the project is done it will be useful to NCDOT and all of the counties and cities to help recruit industry.

Mr. Saylor presented information regarding the NC Railroad Company. Their mission is to maximize the value of the NC Railroad Company's properties for the people of North Carolina through partnerships that drive economic growth, enhance freight and passenger service, improve safety and respect the natural environment. NCRR carries 50-60 freight trains and 10 passenger trains daily. Partners include Norfolk Southern, NCDOT, NC Department of Commerce, transit agencies, Amtrak and local communities. The rail service saves freight customers \$198 million annually. Mr. Moss stated the 254,000 freight cars on the NCRR replace 762,000 trucks on North Carolina's highways. The military uses rail to transport equipment. Norfolk Southern has 21,000 miles of rail with 1,299 miles in North Carolina. They employ approximately 1,207 people in North Carolina. Norfolk Southern has 354 warehouses / distribution centers and 175 bulk transfer facilities. A copy of their presentation is made a part of the minutes as Addendum #8.

Chairman Dalton thanked all of the presenters and opened the floor to public comments. There were no public comments.

The next meeting of the Logistics Task Force is Monday, May 23, at North Carolina Central University School of Law in Durham.

The meeting was adjourned at 2:07 p.m.